

## **Dreaming of Hot Chili Peppers**

Pascal Furaha is a 47-year-old Rwandan agronomist and father of four who has labored for more than twenty years in a government-affiliated development bank, dreaming of the day that he could start his own farm. “When a credit application came before me close to ten years ago seeking funding to start a chili peppers farm, the idea was planted,” he says. Unfortunately, Furaha continues, the project as configured by the applicant failed for a variety of reasons, but the proposal provoked him to think of how he could make a horticultural project of that kind succeed and free himself from his bureaucrat’s desk.

After talking to his wife, a government lawyer, the couple, who live in Rwanda’s capital, Kigali, agreed to plan and save to realize their dream. They looked into the few government programs that support agriculture and consulted knowledgeable friends about farming, the vagaries of crop yields and uncertain markets. But most of all, the Furahas saved assiduously in hopes of one day starting their own farm.

After three years of frugal living and steady saving, and an approved bank loan for equipment, seeds and other inputs, Pascal and his wife secured a smallholding of 50 hectares (about 110 acres; one hectare= 2.2 acres), a big farm by Rwandan standards. The land the family acquired had its share of shortcomings: it was low-lying marshland filled with papyrus plants and shallow streams. In fact, it required extensive clearing of the marsh, some pumping out of the water, and installation of pathways and small culverts before it could be converted for crop planting. Still, Pascal was undaunted.

Armed with a business plan and evidence of a reliable financial stream for the next four years, Pascal called on a USAID-funded agency for help to get his farm up and running. A friend had told him about *L’Assistance a la Dynamisation d’Agribusiness au Rwanda* (ADAR), whose raison d’être is the expansion of Rwanda’s agribusiness sector. ADAR became an essential source of information and support, with ADAR staff helping to refine his business plan, advising as to the most energy-efficient but least costly farm equipment, and introducing agricultural practices that retard the onset of plant disease and soil erosion.

Now, after one year of ADAR’s surveillance and support, Pascal has hired a full-time agronomist to oversee the cultivation on his farm. He has five hectares of chili peppers under cultivation as he awaits the organic certification and quality control standards approval that must be granted if his produce is to win access to the lucrative European Union import market. USAID funding underwrites the costs of 75% of his farm equipment purchases needed to comply with the EU requirements. Pascal grows maize (corn) on 40 hectares of his land that local produce markets buy and sell to Rwanda’s people. The Furaha family uses the income from their maize fields to repay loans and keep their farm viable. They plan to plant soybeans on a further five hectares. This mix accords with an ADAR-recommended system of crop rotation involving chili peppers, maize and soybeans to ensure steady regeneration of the soil every three years. Pascal hopes to export his first peppers to the EU by late 2005.

In the meantime, the farm employs 120 laborers who, thanks to their steady income, now have a measure of independence and a means to defray key expenses such as school fees for their children's high school education. (Public primary education has been free in Rwanda since 2003.) These laborers, primarily women, come from neighboring rural households. Subsistence farmers all, they previously had scarcely any employment options and survived outside the money economy.

"If all goes well," says Pascal, "and the organic certification comes through; the quality of the crop for the next three years is high; the weather holds for those seasons; and luck is with us, I should be able to become a full-time farmer in five years."

Agriculture provides the livelihood of more than 90% of the people of Rwanda, one of the world's poorest countries, with a GDP of about \$252. Thus most engage in subsistence farming.

USAID and its partners use a variety of tools to help farmers like Pascal move beyond subsistence to produce crops known to have high value on the export market such as chili peppers, and thus have a better chance at prosperity. Producing for export helps these farmers realize their dreams. Besides funding technical assistance, USAID adds further value to Rwanda's agribusiness sector via a new mechanism called the Development Credit Authority (DCA.) loan guarantee program. Established at the end of 2004, the DCA facility in Rwanda is designed to mobilize commercial lending to USAID-assisted agribusiness enterprises focusing on the export market. While Pascal's loan preceded the DCA, this loan guarantee program is expected to generate \$2,000,000 in commercial lending through the Bank of Kigali. Given that the banking industry's agricultural loan exposure was previously a mere 2% of its total loan portfolio, or \$2.7 million, the DCA facility promises to make a significant impact. This USAID-backed infusion of capital has already made 11 agribusiness loans possible since January 2005. Under this facility, borrowing for short-term working capital and/or medium-term investment capital, will help to energize Rwandan agribusiness, lift farm incomes and give a greater number of farmers like Pascal the means to realize their dreams.

Sue Ford Patrick  
April 15, 2005